

From: Curt Cecala [curt@tctfcu.org]
Sent: Monday, April 06, 2009 3:50 PM
To: _Regulatory Comments
Subject: Curt Cecala Comments on NCUA Advanced Notice of Proposed Rule Making for Part 704

Dear NCUA Board:

The Advance Notice of Proposed Rulemaking (ANPR) from Members United and from the Corporate Credit Union Stabilization Partnership are two options I have personally read and are worthy of debate, however there may also be a other plans worthy of such consideration. The purpose of my letter is to lay the framework for a dialogue for a range of plans to be debated openly within our movement.

We have all had time to digest the events over the past months and form our thoughts. I do not believe that one party is totally responsible for the present state of our corporate credit unions system, yet I do believe that the agency shares some responsibility for this situation with the corporate credit unions. I understand that a good part of this crisis is a series of events that aligned just right for the strains to be as great as they are. To state that you and the corporates should have seen this on your radar and not allowed it to happen, is unfair.

With that said you had staff in close contact with the corporates to regularly examining their balance sheets. This situation of excessive concentration of these investment vehicles evolved over years, not months; and it happened under your watch. It is fair to say, that the metrics used to measure how these vehicles could behave under adverse conditions was poor at best and the corporates along with you did not comprehend this until it was too late. So model analysis is an issue that needs review.

It appears that as summer of 2008 was ending the cracks in the corporate system were big enough that you took action. Thus the CLF and CU SIP were developed to keep the corporate system liquid due to investment performance and large withdrawals from credit unions. Unfortunately the remedies were not enough to restore confidence and cash in the corporate system. Confidence in the corporate system needs to be restored and your actions up to this point have not been sufficient to achieve that objective. This supports the need for broad participation in developing the final plan.

Therefore, what I ask of you is to consider incorporating all stakeholders in the development of the final plan. A task force including you, credit union leaders, corporate leaders and experts outside the movement. This task force can narrow down a couple possible plans. Then present the components and issues of the proposed plans so natural person credit union people like me, can become better informed and have some part in the debate.

I sincerely hope that going forward your actions bring us renewed confidence as well as a plan that makes our corporate system stronger and a better economic value for credit unions in the future.

Very truly yours,
Curt Cecala,
CEO

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